



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-063]

Cast Iron Soil Pipe Fittings from the People's Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of Cast Iron Soil Pipe Fittings (soil pipe fittings) from the People's Republic of China (China). The period of investigation is January 1, 2016, through December 31, 2016.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Dennis McClure or Jinny Ahn, AD/CVD Operations, Office VIII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5973 or (202) 482-0339, respectively.

SUPPLEMENTARY INFORMATION:

Background

The mandatory respondents in this investigation are Shanxi Xuanshi Industrial Group Co., Ltd. (Shanxi Xuanshi), Shijiazhuang Chengmei Import & Export Co., Ltd. (Shijiazhuang Chengmei), and Wor-Biz International Trading Co., Ltd. (Anhui) (Wor-Biz). On December 19, 2017, Commerce published in the *Federal Register* the *Preliminary Determination* of the

countervailing duty (CVD) investigation of cast iron soil pipes from China.<sup>1</sup> In the *Preliminary Determination*, Commerce aligned the final CVD determination with the final determination in the companion antidumping duty (AD) investigation, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4).

On January 23, 2018, Commerce exercised its discretion to toll all deadlines affected by the closure of the Federal Government from January 20 through 22, 2018. In accordance with Commerce's practice, if the new deadline falls on a non-business day, the deadline will become the next business day. Accordingly, the deadline for the final determination of this investigation was revised to July 5, 2018.<sup>2</sup> On April 19, 2018, Commerce released its *Post-Preliminary Analysis*.<sup>3</sup>

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by interested parties for this final determination, can be found in the Issues and Decision Memorandum issued concurrently with this notice.<sup>4</sup> The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and

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<sup>1</sup> See *Cast Iron Soil Pipe Fittings from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 82 FR 60178 (December 19, 2017) (*Preliminary Determination*).

<sup>2</sup> See Memorandum for The Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government" (Tolling Memorandum), dated January 23, 2018. All deadlines in this segment of the proceeding have been extended by 3 days.

<sup>3</sup> See Memorandum, "Post-Preliminary Analysis of Countervailing Duty Investigation: Cast Iron Soil Pipe Fittings from the People's Republic of China," dated April 19, 2018 (*Post-Preliminary Analysis*).

<sup>4</sup> See Memorandum, "Issues and Decision Memorandum for the Final Determination of the Countervailing Duty Investigation of Cast Iron Soil Pipe Fittings from the People's Republic of China" (Issues and Decision Memorandum), dated concurrently with, and hereby adopted by, this notice.

Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed Issues and Decision Memorandum and the electronic version are identical in content.

### Scope of the Investigation

The products covered by this investigation are cast iron soil pipe fittings from China. For a full description of the scope of this investigation, *see* the “Scope of the Investigation” in Appendix I of this notice. For this final determination, Commerce has issued a scope memorandum addressing interested parties’ comments regarding scope issues presented in the case briefs and in subsequent scope comments.<sup>5</sup> Commerce has determined to modify the scope of the investigation to include two additional subheadings of the U.S. Harmonized Tariff Schedule under which subject merchandise may enter. Commerce has also provided a clarification in the Final Scope Memorandum. For further discussion, *see* Commerce’s Final Scope Memorandum. The scope in Appendix I reflects the final scope language.

### Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Issues and Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Issues and Decision Memorandum, is attached to this notice at Appendix II.

### Methodology

Commerce conducted this investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that

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<sup>5</sup> See Memorandum, “Countervailing Duty and Less-Than-Fair-Value Investigations of Cast Iron Soil Pipe Fittings from the People’s Republic of China: Final Scope Memorandum” (Final Scope Memorandum), dated concurrently with, and hereby adopted by, this notice.

confers a benefit to the recipient, and that the subsidy is specific.<sup>6</sup> For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making these findings, Commerce relied, in part, on facts otherwise available and, because it finds that one or more respondents did not act to the best of their ability to respond to Commerce's requests for information, Commerce drew an adverse inference where appropriate in selecting from among the facts otherwise available.<sup>7</sup> For further information, *see* "Use of Facts Otherwise Available and Adverse Inferences" in the Issues and Decision Memorandum.

#### Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from the interested parties, our findings at verification, and the minor corrections presented at verification, we made certain changes to the respondents' subsidy rate calculations. For a discussion of these changes, *see* the Issues and Decision Memorandum.

#### Final Determination

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated rates for Shanxi Xuanshi and Wor-Biz, producers/exporters of subject merchandise selected for individual examination in this investigation. With regard to Shijiazhuang Chengmei, for the reasons described in the *Preliminary Determination*, Commerce assigned a rate based entirely on adverse facts available pursuant to section 776 of the Act. No interested party commented on our preliminary decision, and so for purposes of this final determination, we continue to assign Shijiazhuang Chengmei a rate based entirely on AFA.

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<sup>6</sup> *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; *see* section 771(5)(E) of the Act regarding benefit; *see* section 771(5A) of the Act regarding specificity.

<sup>7</sup> *See* sections 776(a), (b), and 782(d) of the Act.

Section 705(c)(5)(A) of the Act provides that in the final determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act. In this investigation, we calculated individual estimated countervailable subsidy rates for Shanxi Xuanshi and Wor-Biz that are not zero, *de minimis*, or based entirely on facts otherwise available. As a result, we calculated the all-others rate based on a weighted average of the individual estimated subsidy rates calculated for the examined respondents using each company's publicly ranged values for the merchandise under consideration.<sup>8</sup>

Commerce determines that the following estimated countervailable subsidy rates exist:

<b>Company</b>	<b>Subsidy Rate</b>
Shanxi Xuanshi Industrial Group Co., Ltd.	34.87 percent
Wor-Biz International Trading Co., Ltd. (Anhui)	7.37 percent
Shijiazhuang Chengmei Import & Export Co., Ltd.	133.94 percent
All-Others	23.28 percent

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<sup>8</sup> See Memorandum regarding: Calculation of the All-Others Rate for the Final Determination, dated July 5, 2018.

## Disclosure

We intend to disclose the calculations performed to parties in this proceeding, for this final determination, within five days of the date of publication of our final determination, in accordance with 19 CFR 351.224(b).

## Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d)(1)(B) and (d)(2) of the Act, Commerce instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, on or after April 18, 2018, but to continue the suspension of liquidation of all entries from December 19, 2017, through April 17, 2018.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order, will reinstate the suspension of liquidation under section 706(a) of the Act, and will require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

### International Trade Commission Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of soil pipe fittings from China no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a CVD order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

### Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or

conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

*Dated: July 5, 2018.*

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Gary Taverman,  
Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations,  
performing the non-exclusive functions and duties of the  
Assistant Secretary for Enforcement and Compliance.



## **Appendix I**

### **Scope of the Investigation**

The merchandise covered by this investigation is cast iron soil pipe fittings, finished and unfinished, regardless of industry or proprietary specifications, and regardless of size. Cast iron soil pipe fittings are nonmalleable iron castings of various designs and sizes, including, but not limited to, bends, tees, wyes, traps, drains, and other common or special fittings, with or without side inlets.

Cast iron soil pipe fittings are classified into two major types – hubless and hub and spigot. Hubless cast iron soil pipe fittings are manufactured without a hub, generally in compliance with Cast Iron Soil Pipe Institute (CISPI) specification 301 and/or American Society for Testing and Materials (ASTM) specification A888. Hub and spigot pipe fittings have hubs into which the spigot (plain end) of the pipe or fitting is inserted. Cast iron soil pipe fittings are generally distinguished from other types of nonmalleable cast iron fittings by the manner in which they are connected to cast iron soil pipe and other fittings.

The subject imports are normally classified in subheading 7307.11.0045 of the Harmonized Tariff Schedule of the United States (HTSUS): Cast fittings of nonmalleable cast iron for cast iron soil pipe. They may also be entered under HTSUS 7324.29.0000 and 7307.92.3010. The HTSUS subheadings and specifications are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Issues and Decision Memorandum**

- I. Summary
- II. Background
- III. Use of Facts Otherwise Available and Adverse Inferences
- IV. Subsidies Valuation
- V. Analysis of Programs
- VI. Analysis of Comments
  - Comment 1: Whether Commerce Should Use a Tier 1 Benchmark for Shanxi Xuanshi's Metallurgical Coke Benefit Calculation
  - Comment 2: Whether Commerce Should Use a Tier 1 Benchmark for Shanxi Xuanshi's Iron Ore Benefit Calculation
  - Comment 3: Whether Commerce Appropriately Averaged Tier 2 Iron Ore Benchmark Prices and Used the Appropriate Benchmark for Transportation
  - Comment 4: Whether Commerce Overstated the Subsidy Rate for Policy Loans, Purchases of Electricity, Pig Iron, and Ferrous Scrap for LTAR
  - Comment 5: Whether Commerce Improperly Applied AFA to the Calculation of the Benefits Attributable to Guangzhou Premier for the Purchase of Pig Iron and Ferrous Scrap for LTAR
  - Comment 6: Whether Commerce Should Consider Shanxi Xuanshi's Steel Scrap as a Subsidizable Input
  - Comment 7: Whether Commerce Erred in its Policy Loan Benefits Calculation for Shanxi Xuanshi
  - Comment 8: Whether Commerce Erred in Its Electricity Benefits Calculation for Shanxi Xuanshi
- VII. Recommendation

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